

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 39013
[REDACTED],)	
)	
Petitioner.)	DECISION
_____)	

On August 1, 2014, Taxpayer Accounting of the Idaho State Tax Commission (the Commission) issued a Notice of Deficiency Determination (Notice) to [Redacted] (Petitioner) proposing income taxes and interest for taxable year 2013 in the total amount of \$227.92. The Commission hereby issues its decision and approves the Notice.

BACKGROUND

On May 28, 2014, Taxpayer Accounting sent Petitioner a letter indicating that his 2013 Idaho individual income tax return could not be processed without additional information. Specifically, Taxpayer Accounting requested information pertaining to a claimed dependent (the Child), an adult who Petitioner claimed as a dependent and who had also been claimed as a dependent by another taxpayer.

In response to this request, Petitioner provided unsupported responses regarding the Child's living and financial arrangements for taxable year 2013. Petitioner asserted that the Child was over the age of majority and was not in his custody. The Petitioner also alleged that the Child resided with him for an eight month period during taxable year 2013 and that he provided over one-half of the Child's support for that tax period.

Despite these assertions, Petitioner provided no documentary evidence to support his claims. Information obtained by the Commission concerning the Child's living and financial

arrangements indicated that the Child lived independently for some portion of taxable year 2013 and had major expenses, such as rent and health insurance, paid by another individual.

Taxpayer Accounting disallowed Petitioner's claim to a dependent in taxable year 2013. It issued a Notice on August 1, 2014, asserting a tax deficiency for taxable year 2013 in the total amount of \$226. Therein, it advised the Petitioner of his right to protest the Notice. On October 3, 2014, Petitioner timely protested the Notice. Subsequently, on October 29, 2014, the Commission sent a letter to Petitioner advising him of his right to a hearing and his right to supply additional information for the Commission's review. Petitioner did not respond to this letter and has not provided any further information or materials to the Commission.

ANALYSIS

The sole issue for this decision is whether the Petitioner is entitled to the dependency exemption deduction and other associated tax benefits related to claiming a dependent. Deductions and credits are a matter of legislative grace; taxpayers bear the burden of proving their entitlement to deductions allowed by the Internal Revenue Code (IRC) and substantiating the amounts thereof. INDOPCO, Inc. v. Commissioner, 503 U.S. 79, 84, 112 S. Ct. 1039, 117 L. Ed. 2d 226 (1992); New Colonial Ice Co. v. Helvering, 292 U.S. 435, 440, 54 S. Ct. 788, 78 L. Ed. 1348 (1934).

The IRC and Idaho statutes allow taxpayers to receive certain tax benefits associated with claiming another person as a dependent. In order to receive such benefits, the Petitioners must establish that they have a statutorily defined relationship to the claimed individual. Specifically, the individual claimed as a dependent must be a "qualifying child" as defined in the IRC. 26 U.S.C. § 152.

To be a qualifying child, among other things, the child must reside in the taxpayer's abode for more than half of the year and the taxpayer must provide for more than half of the child's support for that year. 26 U.S.C. § 152(c)(1)(B). In the present matter, the Petitioner has alleged that the Child resided with him for more than half of the year and that he provided more than half of the Child's support, but he has provided no documentary evidence to support this assertion. The Commission separately has received documentary evidence indicating that the claimed dependent lived independently for some portion of the 2013 taxable year and evidence that the Child received substantial support from another individual. As such, Petitioner has provided insufficient information for the Commission to conclude either that the Child lived in his abode for more than half of the year or that the Child received more than half of his support from Petitioner.

Therefore, because the Petitioner has neither established the residency of the Child nor established that he provided more than half of the Child's support, the Petitioner may not claim the Child as a dependent.

THEREFORE, the Notice of Deficiency Determination dated August 1, 2014, and directed to [Redacted], is APPROVED and MADE FINAL.

IT IS ORDERED that the taxpayers pay the following tax and interest:

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2013	\$226	\$17	<u>\$243</u>
		TOTAL DUE	<u><u>\$243</u></u>

Interest is calculated through March 31, 2016.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the Petitioner's right to appeal this decision is enclosed.

DATED this _____ day of _____ 2016.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2016, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]

Receipt No.
